

**Statement of Michael J. Riley
President**

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**Motor Transport Association of Connecticut
Before
The Joint Committee on Environment
March 4, 2009**

**Re: Senate Bill No. 1019 AN ACT REQUIRING BIODIESEL-
BLENDED HEATING OIL AND DIESEL FUEL**

I am Michael J. Riley, President of Motor Transport Association of Connecticut (MTAC), a statewide trade association, which represents around 1,000 companies that operate commercial motor vehicles in and through the state of Connecticut. Our membership includes freight haulers, movers of household goods, construction companies, distributors, tank truck operators and hundreds of companies that use trucks in their business and firms that provide goods and services to truck owners.

MTAC OPPOSES THIS BILL

Motor Transport Association of Connecticut and American Trucking Associations, the national trucking association, are opposed to state biodiesel mandates, which harm the trucking industry. The Federal Renewable Fuels Standard and existing federal tax incentives obviate the need for state boutique biodiesel mandates, which are not necessary to ensure that there is a market for biodiesel. However, state boutique fuel mandates will harm the trucking industry.

- State biodiesel mandates distort the free market and encourage biodiesel producers to charge more for their mandated product.
- Boutique fuel mandates preclude fuel fungibility between jurisdictions, which exacerbate temporary fuel shortages and results in dramatic price spikes.
- Boutique fuels create artificial price differentials and an uneven playing field for the trucking industry.
- Boutique fuels create incentives for locally-based trucking companies to refuel outside the local jurisdiction, which results in more vehicle miles traveled, undermining environmental benefits and increasing traffic and safety concerns.



New Federal Mandate -- The biodiesel mandates in the Energy Independence and Security Act of 2007 are not applicable at the state level. They establish that increasing quantities of bio-diesel be produced and marketed over the period of several years. They apply to “obligated parties” which are the petroleum producers and distributors. The bill gives the petroleum industry discretion on where to use biodiesel and thus allows the petroleum distribution industry to use biodiesel in the areas of the country where it makes the most economic sense. For example, if soybean feedstock is plentiful in Indiana and scarce in Connecticut, then the industry would likely meet the mandate by using biodiesel in Indiana, rather than bearing the transportation cost of sending the feedstock or the finished fuel over to Connecticut. Bottom line - In light of the federal mandate, state mandates are no longer necessary and will simply distort the distribution of the product resulting in higher prices for consumers.

Quality – Biodiesel quality continues to be the biggest issue (next to price). While it is relatively easy to make biodiesel, it is extremely challenging to consistently produce high quality, on-spec, biodiesel. The NREL does an annual biodiesel quality survey. A couple of years ago, more than 50% of the samples taken did not meet the ASTM specifications. Last year, there was significant improvement; however, 10% of the samples still failed to meet the required specifications.

Price – biodiesel is significantly more expensive than petroleum-based diesel. A 1\$ per gallon federal blending credit is set to expire at the end of 2009. Unless renewed, the mandate to use biodiesel will be a new \$650 million tax on the trucking industry and other diesel consumers. Since SB 1019 mandates biodiesel in home heating oil the costs to consumers in Connecticut could be dramatically higher to provide a necessity of life in our region.

Warranties -- Engine manufacturers will not honor warranty claims if the damage can be traced to the use of off-spec fuel – this is true for both Ultra Low Sulfur Diesel and biodiesel blends. That being said, all of the heavy-duty engine manufacturers have stated that biodiesel in blends of up to 5% are approved for use in their products (providing the biodiesel meets applicable quality standards – see below). Some engine manufacturers have approved the use of biodiesel in blends of up to 20%, but these approvals usually come with caveats. For example, Cummins states that B20 can be used, but only in Cummins’ post 2002 ISX and ISM engines and only if a

Cummins stratopure filter is used and the filter is changed on a more aggressive schedule. This means that there are a lot of trucks that contain Cummins engines for which B20 is not recommended.

Total Carbon Emissions One other issue of note, a state-specific mandate results in more transportation of the renewable feedstock or finished fuel, thereby raising total carbon emissions that would be achieved under the federal mandate – as renewable fuel is moved from the area where it is produced to the area where the state mandate operates to require its consumption.

Emissions from diesel-powered vehicles have significantly decreased in the last few years. Improvements to engines and fuel have already had an impact upon diesel emissions. In 2010, a new generation of diesel engines with even better air quality impacts will come into the marketplace.

These are difficult times for businesses in this state and country. Trucks are used only to provide goods and services to, by and for businesses. Because the trucking industry is so sensitive to changes in the general economic circumstances, MTAC members, and truckers all across this country are hurting. We are losing members in Connecticut as businesses, some in the third generation of family ownership, have closed their doors. Movers are not moving, construction companies are not constructing and truckers are not trucking enough to be profitable companies. This is the wrong time to increase the costs of doing business in this state. We urge the Committee not to proceed with this bill.

Thank you.